

Balanced Scorecard Ethics

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In his polemic on the question of the social responsibilities of business,¹ Milton Friedman declared that the responsibility of a corporate executive "is to conduct the business in accordance with their [the owners of the business] desires, which generally will be to make as much money as possible *while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom*"² (emphasis added). Friedman sought to provide a simple rebuttal of the claim that corporations had "social responsibilities." Whether he succeeded is debatable. What he did do, however, is leave us with the dilemma, in the passage quoted above, as to the nature and scope of the "basic rules of the society" in law and in "ethical custom" that executives need to follow.

I want to suggest that a professional paradigm is emerging globally that can guide a manager or executive in her/his practice of management by clarifying and addressing the issue of the basic social rules and ethics that Friedman acknowledges she/he should follow. The scope and content of this paradigm have to do with product and product impact; with employee relations, conditions and development; with processes of regulatory compliance and public accountability; and with value creation—that is, with Product, People, Process, and Profit.

Recent Analyses of the Ethical and Social Responsibilities of Business

A number of different proposals have been developed over the last several years that seek to articulate and integrate ethical and social accountabilities for businesses. Five such proposals are briefly outlined below. These are the *Principles for Global Corporate Responsibility* ("Principles"); the

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